

VZCZCXRO8570
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #3930/01 1950229
ZNR UUUUU ZZH
P 140229Z JUL 06
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 4324
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/COMUSJAPAN YOKOTA AB JA//J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUEHNH/AMCONSUL NAHA 9809
RUEHFK/AMCONSUL FUKUOKA 7213
RUEHOK/AMCONSUL OSAKA KOBE 0515
RUEHNAG/AMCONSUL NAGOYA 7087
RUEHKSO/AMCONSUL SAPPORO 8353
RUEHBJ/AMEMBASSY BEIJING 3293
RUEHUL/AMEMBASSY SEOUL 9439
RUCNDT/USMISSION USUN NEW YORK 1178

UNCLAS SECTION 01 OF 10 TOKYO 003930

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 07/14/06

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule
- 4) Government may revise its draft UNSC resolution on North Korea sanctions to remove mention of Chapter 7 of UN Charter
- 5) Chief Cabinet Secretary Abe meets famous US scholar Robert Scalapino, who met Kim Jong Il recently in Pyongyang
- 6) Minshuto's Ozawa: US has removed the ladder from Japan on the sanctions
- 7) Prime Minister Koizumi in meeting with President Abbas pledges \$30 million in aid for Palestinians
- 8) Koizumi, planning independent diplomacy for his Middle East trip, miscalculates, arriving to find region at height of new tensions
- 9) Prime Minister Koizumi, experiencing how difficult it is to promote peace, finds his Middle East 4-party initiative stalled before it launches
- 10) Foreign Ministry establishes new South Asia desk to strengthen diplomacy toward India

- 11) PAC-3 missiles to be deployed by US to Kadena as early as next month
 - 12) US, Japan agree to partial return of Kadena Air Base: ammunition dump
 - 13) LDP's Yamasaki in Okinawa calls for strengthening ties between US forces, Self-Defense Forces
 - 14) Finance Minister Tanigaki, prime ministerial contender, weighs in on strike capability debate with a cautious view
 - 15) Minshuto (Democratic Party of Japan) to look into unified party view of USFJ realignment agreement
 - 16) Tokyo court awards plaintiffs record 4 billion yen compensation for Atsugi base noise
 - 17) Japan, India agree to start FTA negotiations
 - 18) Japan-Malaysia FTA is now in effect
 - 19) Japan, Russia to agree to promote construction of E. Siberia gas pipeline
- There will be no Morning Highlights on July 17 - a Japanese holiday.

Articles:

1) TOP HEADLINES

Asahi and Sankei:

Government mulls modifying UNSC draft resolution on North Korea, eliminating reference to Chapter VII following counterproposal by

TOKYO 00003930 002 OF 010

China and Russia

Mainichi:

Suspect in murder of Akita boy tells police her daughter, earlier found dead in river, fell from bridge

Yomiuri:

Japan to accept removal of Chapter VII provisions in UNSC draft resolution on North Korea

Nihon Keizai:

Internal Affairs and Communications Ministry plans to allow up to 42 channels to be added for satellite broadcasts

Tokyo Shimbun:

Bank of Japan to lift zero-interest-rate policy today

2) EDITORIALS

Asahi:

- (1) Time to adopt unified UNSC resolution against North Korea
- (2) Urgent need for drastic measures for base noise

Mainichi:

- (1) China-Russia draft resolution against North Korea must be effective
- (2) World Cup: Verbal violence on the pitch detected through Zidane's head-butting (by Akitaka Nakajima, editorial committee member)

Yomiuri:

- (1) China-Russia resolution too soft on North Korea
- (2) Recording of prosecutor questioning is first step for easy-to-understand trials

Nihon Keizai:

- (1) Treaties of nuclear weapons and missiles to test G-8 unity
- (2) Doubt about large amount of capital increase in JAL

Sankei:

- (1) Japan should contribute to Middle East peace on its own way
- (2) Giving up on lawsuit is shortcut for relief of pneumoconiosis victims

Tokyo Shimbun:

- (1) Russia's caliber to be tested in G-8 summit
- (2) Internet gaps should be narrowed in information society

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, July 12

NIHON KEIZAI (Page 2) (Full)
July 14, 2006

Evening:

Stayed at David Citadel Hotel in Jerusalem

Prime Minister's schedule, July 13

Morning:

- Inspected the old town of Jerusalem.
- Arrived at Ramallah.
- Attended a welcome ceremony held at the Chairman's Office.

TOKYO 00003930 003 OF 010

- Met with Chairman Abbas of the Palestinian Authority.
- Attended a ceremony to unveil the reconstructed Chairman's Office.
- Held a joint conference.

Noon:

Luncheon hosted by Chairman Abbas

Afternoon:

Left Israel by a government plane.

Evening:

Arrived at Aqaba, Jordan.

4) Government considering revising sanctions resolution against North Korea; May remove mention of UN Charter Chapter 7

ASAHI (Top play) (Full)
July 14, 2006

In response to China and Russia's presentation of their own resolution condemning North Korea's missile launches, the Japanese government has begun considering modifying the sanctions resolution jointly presented to the UN Security Council with the United States, Britain, France, and other countries. One plan being mentioned would be to excise from the text the parts pertaining to Chapter 7 of the UN Charter, in compliance with the strong opposition to such text from China and Russia. Although the government still firmly intends to ensure the effectiveness of the sanctions, Tokyo will look for ways to move closer to the stance of China and Russia by giving priority to the Council's adoption of the resolution.

Some in the Japanese government gave a positive assessment to the fact that China, which had insisted before on an unbinding presidential statement, has presented the resolution in cooperation with Russia. A senior Foreign Ministry official commented yesterday, "Negotiations over wording effectively start today."

In considering modifying the text, the focus will be on the fact that the Japan-led sanctions resolution: (1) recognizes the launching of missiles as a threat to international peace and security; (2) mentions Chapter 7 of the UN Charter that calls for enforcement measures, including economic sanctions and the use of force; and (3) mandates the UN members to take specific sanctions measures.

Chapter 7 of the UN Charter stipulates enforcement measures, including economic sanctions and the use of force. With the UNSC's recognition as "a threat to peace, the destruction of peace, or an act of aggression," the chapter allows not only economic sanctions but also future military action.

In accordance with Chapter 7, the sanctions resolution mandates the UN member countries to prohibit shipments of goods, including intermediate materials, technologies, and funds that would contribute to North Korea's programs for producing missiles and

weapons of mass destruction, and its procuring of missiles and missile-related materials and technology. In contrast, the joint China-Russia resolution "seeks" measures instead of mandating the member countries to comply and makes no mention of Chapter 7.

Reversing its stand, the Japanese government has decided to search for ways to secure the efficacy of sanctions by eliminating the parts pertaining to Chapter 7. A Foreign Ministry official noted yesterday: "We don't have to stick to Chapter 7. We just want to

TOKYO 00003930 004 OF 010

make sure that the contents of the sanctions will be realized."

At the same time, defining missile launches as a "threat" to international peace and security is still a top priority for Tokyo. The government does not intend to change that part because identifying an act subject to the resolution as a "threat" is a prerequisite for invoking enforcement measures.

5) Chief Cabinet Secretary Abe meets with US professor, who visited Pyongyang

ASAHI (Page 4) (Full)
July 14, 2006

Chief Cabinet Secretary Shinzo Abe met yesterday with Robert A. Scalapino, professor emeritus at the University of California, Berkeley, who visited Pyongyang last month. In the meeting, Abe said: "It is a question whether North Korea knows well that China thinks the North must not collapse."

Scalapino replied: "China does not want to see North Korea's collapse. It is important to change Pyongyang's policy while preventing it from collapsing."

Abe said: "If North Korea takes action based on the thinking that it will always be able to get support no matter what it does, the issues will not be resolved."

6) Ozawa: The US has removed the ladder from Japan

MAINICHI (Page 2) (Full)
July 13, 2006

Appearing on a TV-Asahi program on July 12, Minshuto (Democratic Party of Japan) President Ichiro Ozawa said this regarding the Japan-drafted sanctions resolution against North Korea, that has encountered difficulty:

"From the beginning, I had a feeling that such would happen. The United States has no intention of seriously locking horns with North Korea and China. The ladder (for Japan) seems to have been removed. As far as Japan-US relations are concerned, the essential part has not been talked over. Prime Minister (Junichiro) Koizumi thinks currying favor with the United States helps build relations of trust, but his thinking is wrong."

7) Prime Minister Koizumi declares an offer of 30 million dollars in aid to Palestinian Authority during summit meeting

NIHON KEIZAI (Page 2) (Full)
July 14, 2006

Masanobu Yamaguchi, Ramallah (West Bank)

Prime Minister Junichiro Koizumi, now on his tour of the Middle East, yesterday morning (yesterday afternoon, Japan time) met with Palestinian Authority President Abbas at his residence and declared that Japan would provide the Palestinian Authority with a total of 30 million dollars (some 3.4 billion yen) in emergency aid to be used for such purposes as improving Palestinians' living environment and job creation. Referring to the armed conflict with Israel, Koizumi urged Abbas "to deal with the situation with a sense of

TOKYO 00003930 005 OF 010

discipline and reason."

At a joint press conference after the meeting, Koizumi stressed: "Japan does not have a strong influence in the region like European nations and the United States, but we'd like to support the Palestinian Authority and Israel seek coexistence and coprosperity." Abbas responded: "We appreciate Japan's initiative and are pleased with it."

Specific steps for emergency aid indicated by Koizumi include (1) improvement in water supply; (2) provision of medical equipment; and (3) reconstruction of the presidential residence. As medium- and long-term projects, Koizumi came up with an idea of creating a "corridor for peace and prosperity" to comprehensively develop the area around the Jordan Valley. Abbas expressed approval of the idea.

Referring to a four-party framework for Israel, Jordan, the Palestinian Authority, and Japan to discuss how to bring peace to the region, Koizumi stated that in order to put the idea into practice, "I'd like to establish four-party talks at the senior working level at an appropriate time."

8) Unexpected miscalculation in Koizumi diplomacy toward Middle East

NIHON KEIZAI (Page 2) (Full)
July 14, 2006

Masanori Yamaguchi, Ramallah (West Bank)

Following the Japan-Israel summit meeting on the previous day, Prime Minister Junichiro Koizumi indicated that he would be actively engaged in peace talks on the Middle East during the meeting with Palestinian Authority President Abbas. But tensions in the Middle East began rising after Koizumi's tour of the region started. His strategy to attend the upcoming Group of Eight (G8) summit in St. Petersburg bearing the fruit of his diplomacy has been dampened.

Koizumi urged both Israel and the Palestinian Authority to exercise self-restraint regarding the use of force and pledged to provide aid to them from a medium- to long-term perspective on the condition that dialogue between them resumes. The leaders of the two sides voiced appreciation for Japan's role, but Israel has intensified its attacks on Lebanon in retaliation for the abduction of Israeli soldiers, and there are no prospects in sight for a solution to the Palestinian issue.

Koizumi maintains a good relationship with Israel, backed by his close ties with the Bush administration. Meanwhile, Japan has continued reconstruction assistance to the Palestinians. Perhaps for this, most of the Palestinian Authority's buildings flew the Hinomaru. His Middle East tour was supposed to give him a good opportunity to highlight the difference in Japan's assistance from that of Europe and the US, according to Koizumi, because Japan has few interests in the region. If he demonstrated his presence in peace efforts on the Middle East during the upcoming St. Petersburg Summit starting tomorrow, Japan might have had "a strong voice in dealing North Korea's recent missile launches," a senior Foreign Ministry official said.

While the fate of the Japan-sponsored resolution on North Korea

TOKYO 00003930 006 OF 010

submitted to the United Nations Security Council remains unknown, the worsening of the Middle East situation represented an unexpected miscalculation by Koizumi.

9) Prime Minister Koizumi's Middle East tour highlights difficulties in bringing peace to the region; Coordination over establishment of four-party talks may run into trouble amid intensifying disputes

YOMIURI (Page 2) (Excerpts)
July 14, 2006

Takayuki Tanaka, Jerusalem; Mina Mitsui of the Jerusalem Bureau

Prime Minister Koizumi wound up his tour of Israel and the Palestinian region where disputes are still continuing. His tour of the Middle East may be described as boldly setting foot into a minefield, given that other countries' leaders tend to keep away from diplomatic activities toward the region. But even while he was visiting the region, hostilities were intensified, making him realize anew how deep the confrontation is and how difficult it is to contribute to bringing peace to the Middle East.

Koizumi yesterday met with Palestinian Authority President Abbas and emphasized to him about why he had decided to visit the region at this point: "I wanted to come here before the Group of Eight (G8) St. Petersburg Summit deals with the Middle East issue. I'd like to convey directly my intention to 'support President Abbas.'"

Opposition parties in Japan are criticizing the prime minister's tour of the Middle East at this point. Naoto Kan, acting president of the Democratic Party of Japan (Minshuto), flung this barb at the prime minister: "At a time when (North Korea's missile launches) may burn his house, he is trying to help put out the fire in someone else's house." But Koizumi was reportedly adamant about making a tour of the Middle East.

The showcase of his Middle East tour is his proposal for establishing four-party talks among Israel, the Palestinian Authority, Jordan, and Japan to discuss how to bring peace to the Middle East. This idea will be advanced under regional development in Japan's official development assistance (ODA) program. Both Israel and the Palestinian Authority have agreed with the idea, and the initiative will be put into practice. But amid the intensifying disputes in the region, the efforts to coordinate as to when to establish the four-party talks and how to promote them may run into difficulties. In addition, given that the leading players in peace talks on the Middle East so far have been the United States, the European Union, and the United Nations, coordination with those parties concerned over the four party talks proposed by Japan is also essential.

10) Foreign Ministry to establish new South Asia desk to strengthen diplomacy toward India

ASAHI (Page 2) (Full)
July 14, 2006

The Ministry of Foreign Affairs will establish on August 1 a South Asia Department (Nanbu-Ajia-bu) in order to strengthen its diplomacy toward the South Asia region that includes India and ASEAN countries. In addition, the Ministry also will establish on the same day an International Cooperation Bureau that will integrate various

TOKYO 00003930 007 OF 010

offices related to official development assistance (ODA) of the Economic Cooperation Bureau and the International Social Cooperation Department, the aim being to make the government's ODA program more effective. It also will install a councilor (shingikan) for global scale issues in order to tackle such policy issues as ODA and infectious diseases. The portion responsible for United Nations administrative and financial policy in the above department will be placed under the Foreign Policy Bureau, and the department itself will be abolished.

The South Asia Department will cover India, Pakistan and other South Asian countries, as well as the ASEAN countries that include Thailand and Indonesia. The government especially wants to put more efforts into strengthening relations with India, which is experiencing outstanding economic growth.

11) PAC-3 deployment to Kadena likely next month

NIHON KEIZAI (Page 2) (Full)
July 14, 2006

Japan and the United States have entered into the final phase of intergovernmental coordination for US Forces Japan (USFJ) to deploy

state-of-the-art Patriot Advanced Capability 3 (PAC-3) surface-to-air guided missiles to the US Air Force's Kadena base in Okinawa Prefecture in August, officials said yesterday. The PAC-3 deployment is to constitute a missile defense system. USFJ has only said the PAC-3 would be deployed within the year. However, the US government has told the Japanese government that USFJ would move up the deployment schedule in response to North Korea's recent firing of missiles.

The PAC-3 will be deployed in Japan for the first time. Meanwhile, the US Navy will also deploy an Aegis-equipped ship, to the Yokosuka base, with Standard Missile 3 (SM-3) missiles on board to intercept ballistic missiles at sea. The US military will expedite building up the land- and sea-based intercept systems.

In May this year, the Japanese and US governments finalized a report on their talks over USFJ realignment. This final report refers to the US military's plan to deploy PAC-3 missiles in Japan, noting that the US military's PAC-3 capabilities will be deployed to its existing facilities and areas in Japan and will be operational as soon as possible.

In the meantime, the Defense Agency is also going along with these US military deployment plans. The agency will introduce PAC-3 missiles to the Air Self-Defense Force's Iruma base in Saitama Prefecture within the current fiscal year. The agency plans to deploy PAC-3s to four ASDF bases in Japan in four years. Defense Agency Director General Fukushima Nukaga has ordered officials to look into the possibility of frontloading the ASDF's PAC-3 deployment in response to North Korea's missile firing.

12) US to return ammo depot in part

NIHON KEIZAI (Page 2) (Full)
July 14, 2006

Japan and the United States held a meeting of their intergovernmental joint committee yesterday in Tokyo. In the meeting, the US government agreed with the Japanese government to

TOKYO 00003930 008 OF 010

return a plot covering about 584,000 square meters in US Forces Japan's Kadena Ammunition Storage Area in the city of Okinawa. The US military is expected to vacate and return the land this fall.

According to the Defense Facilities Administration Agency, the site will be used as a roofed firing range and as a training area for the Self-Defense Forces.

13) USFJ, SDF need to strengthen cooperation

NIHON KEIZAI (Page 2) (Full)
July 14, 2006

The ruling Liberal Democratic Party yesterday evening held a party of its House of Representatives members in the city of Ginowan, Okinawa Prefecture. In the party, former LDP Vice President Taku Yamasaki stressed the need for US Forces Japan (USFJ) and Japan's Self-Defense Forces (SDF) to strengthen their cooperation in connection with North Korea's recent firing of missiles. Yamasaki likened Japan to a "shield" and USFJ to a "spearhead" in their bilateral relations. "It's very important to cooperate between Japan and the United States in the defense area to cope with the threat of North Korea," Yamasaki said.

14) Finance Minister Tanigaki cautious about enemy strike argument

ASAHI (Page 4) (Full)
July 14, 2006

Referring in a meeting of his faction to the enemy-base strike argument triggered by North Korea's missile launches, Finance Minister Sadakazu Tanigaki said yesterday in a strong tone:

"I think it's legally possible, but we must seriously consider what roles Japan and the United States should play under the Japan-US

Security Treaty. I think it is necessary for us to carefully discuss the matter, including how to build relationships of trust with neighboring countries, from a broad range of perspectives."

Liberal Democratic Party (LDP) General Council chairman Fumio Kyuma told reporters yesterday: "It would be better for us not to discuss the matter when we are all angry. We should act prudently at such a time."

Kyuma said:

"It probably can be said that Article 9 of the Constitution does not deny us to attack another country when Japan learns clearly that it will be hit (by a missile). However, whether to do so or not is a delicate issue requiring a policy judgment."

Regarding the Iraq war that the United States launched, citing as a reason that Iraq had weapons of mass destruction, Kyuma said, "I don't sense that the war was for the purpose of self-defense."

15) Minshuto to produce party view on US force realignment

YOMIURI (Page 4) (Full)
July 14, 2006

Minshuto (Democratic Party of Japan) decided yesterday to produce a unified party view on the realignment of US forces in Japan. Last

TOKYO 00003930 009 OF 010

August, the party released a new Okinawa vision to search for ways to remove the US Marine Corps' Futenma Air Station out of Okinawa. But given the new circumstances, as evidenced by a Japan-US agreement to relocate the airfield to the coast of Camp Schwab, the largest opposition party decided to come up with its unified view on overall US force realignment.

The party will begin studying its view after exchanging opinions with local experts in Naha City on July 15.

16) Gov't ordered to pay 4 billion yen in damages for Atsugi base noise

SANKEI (Page 2) (Abridged)
July 14, 2006

The Tokyo High Court yesterday handed down its ruling on an appeal from the state against a lower court ruling on a third class action suit, in which about 4,800 local residents living in Yamato and some other cities in Kanagawa Prefecture sued the government for damages over aircraft noise caused by the US Navy's Atsugi Base, which is in joint use with the Maritime Self-Defense Force. Presiding Judge Toshimi Ouchi supported the Yokohama District Court's ruling of first instance and rejected the state appeal, admitting: "Local residents have been suffering from intolerable damage (from aircraft noise), and the government's setup and management of the base are unlawful."

The court-ordered damages total approximately 4 billion yen, including about 1.3 billion to cover the period of legal action in the past. The amount of compensation is a record for an aircraft noise lawsuit. In November last year, the Tokyo High Court ordered the government to pay about 3.2 billion yen in damages for Yokota Airbase noise.

The court turned down the plaintiff's claim for future damages.

17) FTA talks; Japan, India agree to launch negotiations; Top-level meeting to be held on sidelines of St. Petersburg Summit

YOMIURI (Page 9) (Excerpts)
July 14, 2006

It was learned yesterday that Prime Minister Koizumi and Indian Prime Minister Singh are expected to start free trade agreement (FTA) talks at a meeting to be held on the sidelines of the G-8 Summit (St. Petersburg Summit). India is the first of the BRICS

(Brazil, Russia, India, and China) with which Japan will enter into FTA talks. The plan is to start working-level talks as early as this year.

The two countries will release at the summit a report on FTA research that their joint study group has conducted. The report is expected to encourage the two countries to enter into FTA negotiations with results underscoring that the economies of the two countries would complement each other.

India's economy has continued to grow at 8 PERCENT -9 PERCENT a year over the past several years with the information technology industry serving as a driving force.

In trade with India, Japan imports jewelry, marine products, and

TOKYO 00003930 010 OF 010

iron ore and exports auto parts and other products. However, that nation stood twenty-sixth among importers of Japanese products in 2005, and as an exporter, it was in the twenty-ninth place.

18) FTA with Malaysia comes into force

YOMIURI (Page 9) (Excerpts)
July 14, 2006

A ceremony to put into force an economic partnership agreement (EPA) with Malaysia featuring an FTA was held yesterday in Tokyo. Four Japanese ministers, including Economy, Trade, and Industry Minister Nikai, and Malaysian International Trade and Industry Minister Rafidah signed related documents. Malaysia is Japan's third FTA partner, following Singapore and Mexico. Trade (total export and import values) with that nation stood at approximately 3.23 trillion yen in 2005, topping the amounts with Singapore and Mexico. The government wants to use the FTA with Malaysia to accelerate FTA talks with the Association of Southeast Asian Nations (ASEAN), an area in which Japan is lagging behind China.

With the enactment of the FTA with Malaysia, tariffs worth approximately 97 PERCENT of the trade amount with that nation will be scrapped over the next decade. Japan is expected to increase exports of mined and manufactured products, such as autos and steel, and exports of agricultural products by Malaysia, such as mangoes, will likely expand.

19) East Siberian oil pipeline: Japanese, Russian leaders to agree to go ahead with construction

SANKEI (Page 1) (Excerpts)
July 14, 2006

St. Petersburg, Shogo Otsuka

It was learned yesterday that Tokyo and Moscow will agree to launch a new energy project for Russia to supply crude oil to Japan via East Siberia. The initiative to construct a natural gas pipeline through Sakhalin is already underway between the two countries. Japan wants to reduce its dependence on the Middle East for crude oil, and Russia wants to find a new customer for its natural resources. The new plan is the outcome of their desires matching each other's needs. The project is also aimed at countering the energy policy of China, which is actively trying to secure natural resources throughout the world in order to meet a sharp rise in domestic demand. Japan also wants to pursue natural resources diplomacy with Russia.

Prime Minister Koizumi and Russian Prime Minister Putin will meet ahead of a dinner meeting at the G-8 Summit, which is to start on July 15. The two leaders are expected to reach an agreement on the promotion of the construction of a pipeline.

According to the plan, efforts to reach agreement will be focused on the construction of a new Pacific route to be connected with the first section of the pipeline for the supply of crude oil to the coastal area of the Pacific Ocean. Chances are that it will also include a plan to develop a new oil field in East Siberia.

